

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0655	Date: February 10, 2015
Prime Sponsor(s): Rep. Becker J.; Garnett Sen. Hill	Bill Status: House Finance
	Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: NO CREDIT CARD FEE ON TAX PORTION OF SALE

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	FY 2017-2018
State Revenue			<\$5,000
General Fund			<5,000
State Expenditures			Minimal workload increase.
TABOR Set-Aside			<\$5,000
FTE Position Change			
Appropriation Required: None.			

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill prohibits the application of an interchange fee to the portion of the total amount of a credit or debit card sale that represents any state, local, or district sales taxes applicable to the sale. An interchange fee is charged by a payment card network for retailers to transmit their payments electronically. Interchange fee calculations cannot be manipulated to circumvent the effect of excluding sales taxes from the application of interchange fees.

The Attorney General or a district attorney may bring a civil action against violators who are subject to a civil penalty between \$1,000 and \$5,000 per violation. A court may also order equitable relief including temporary or permanent injunctive relief. The bill includes a private-right-of-action that allows a person to recover actual damages or \$500 per violation. The bill allows for a two year grace period and applies to all transactions on and after July 1, 2017.

State Revenue

This bill may increase revenue from penalties to the General Fund beginning in FY 2017-18. Because the fiscal note assumes a high rate of compliance, revenue is estimated to be less than \$5,000 beginning with FY 2017-18.

TABOR Impact

This bill increases state revenue from civil penalties, which could increase the amount required to be refunded under TABOR.

State Expenditures

Because this bill applies to transactions on or after July 1, 2107, no increase in workload or expenditures is expected until FY 2017-18. Workload and expenditures beginning in FY 2017-18 are not expected to require additional appropriations.

Assumptions. This analysis is based on the assumption that the bill only applies to state, local, and district sales taxes applied to retail sales and does not include tax payments to a state or a local government.

Department of Law. The Uniform Consumer Credit Code section of the Department of Law enforces the existing statutory prohibition on surcharges on credit transactions. The added enforcement provision is not expected to increase workload substantially or require additional appropriations.

Judicial Department. To the extent that the Attorney General, district attorney, or private citizen bring civil actions under this bill, the Judicial Department will see an increase in caseload. This is not expected to require an increase in appropriations.

Local Government Impact

To the extent that local district attorneys pursue civil action against a payment card network, local governments may see an increase in revenue and workload. The fiscal note assumes a high rate of compliance and minimal action required by local governments.

Effective Date

The bill takes effect July 1, 2015 and applies to all transactions on and after July 1, 2017.

State and Local Government Contacts

Law
Municipalities

Revenue
Judicial Department

Counties
District Attorneys